



FTB NOTICE

California Franchise Tax Board - Legal Branch

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September 4, 1997

FTB NOTICE 97-8

SUBJECT: REFUND CLAIMS: FULL PAYMENT OF TAX, PENALTIES AND INTEREST

FTB Notice 97-4, June 2, 1997, withdrew Legal Ruling 402 and stated that the Franchise Tax Board would consider the effect of various court decisions on the application of the full payment rule to refund claims.

Pending a final, controlling appellate judicial decision:

For purposes of consideration of administrative claims and appeals to the State Board of Equalization, the Franchise Tax Board will continue to accept refund claims that meet the criteria of Revenue and Taxation Code section 19322 and are filed together with or after an amount equal to the tax principal, additions to tax and penalties (but not interest) has been paid in full. Statutory interest will continue to compound daily on any unpaid interest amount under Revenue and Taxation Code section 19521(b).

In refund actions filed in court, if all such amounts (including interest) have not been paid in full at the time the action is filed, Franchise Tax Board will raise as a jurisdictional issue the failure to pay in full all such amounts.

Taxpayers may avoid uncertainty in this area by making payment of all amounts, including interest, together with or before a refund claim is filed.

Drafting Information

The principal author of this notice is Bruce R. Langston of the Franchise Tax Board, Legal Branch. For further information regarding this ruling, contact Mr. Langston at the Franchise Tax Board, Legal Branch, P.O. Box 1720, Rancho Cordova, CA 95741-1720.